Bay Area Air Quality Management District 939 Ellis Street San Francisco, California 94109 (415) 749-5000

APPROVED MINUTES

Summary of Board of Directors Mobile Source Committee Meeting Thursday, March 24, 2011 9:30 a.m.

<u>CALL TO ORDER:</u> Board Chairperson Tom Bates called the meeting to order at

9:30 a.m. on behalf of Chairperson Haggerty, without an initial

quorum.

Roll Call: Present: Chairperson Scott Haggerty; Directors Dave Hudson, Carol

Klatt, Nate Miley and Mark Ross

Absent: Vice Chairperson Carole Groom, and Directors Jennifer

Hosterman, Brad Wagenknecht and Shirlee Zane

Also Present: Board Chairperson Tom Bates

Public Comments: There were no public comments

Due to the lack of an initial quorum, Chairperson Bates initially led the meeting, and re-ordered agenda items.

Vehicle Buyback Program Annual Report

David Wiley, Principal Environmental Planner gave the staff presentation, stating the Vehicle Buyback Program began in 1996 and was suspended as planned on December 31, 2010. The program retired older vehicles not having modern pollution control devices. The program conformed to State regulations and Carl Moyer guidelines, and funding came from the Mobile Source Incentive Fund (MSIF), Carl Moyer Program funds (CMP) and Transportation Fund for Clean Air (TFCA).

In August, the State Bureau of Automotive Repair (BAR) expanded its retirement program to overlap with the vehicles the Air District was purchasing through this program. Staff will monitor BAR program operations.

Mr. Wiley presented emission reductions from the program, noting the outstanding cost effectiveness at \$9,976 per weighted ton of emissions reduced. He reported that 5,862 eligible vehicles were scrapped and \$7,073,675 expended with the use of two dismantlers and one direct mail contractor during 2010.

Cumulatively, the program has retired over 55,000 vehicles and reduced over 4,600 tons of ROG, over 2,500 tons of NOx, and over 32 tons of PM. The recommended action is for the Committee to receive and file the 2010 Vehicle Buyback Program Annual Report.

Committee Comments/Questions:

Chairperson Bates confirmed with Mr. Wiley that since the Air District program's suspension, those requesting information on retiring smoking vehicles are referred to the BAR program. State finances are changing and there is a possibility that the Air District's program could return should BAR's funding fall through. The Bay Area's program has been extremely cost effective and the most successful in the State.

Director Hudson questioned and confirmed with Director of Strategic Incentives, Damian Breen, that AB 118 provides funding to the California Energy Commission (CEC) to develop alternative fuel sources, to BAR to process retirements, and to the California Air Resources Board (CARB) to conduct air pollution mitigation and greenhouse gas (GHG) emissions reduction work.

Public Comments: None

Committee Action: Informational item; receive and file.

Noted Present

A quorum was established at 9:51 a.m. with the arrival of Chairperson Haggerty and Director Miley.

Approval of Minutes of January 27, 2011:

Committee Action: Director Hudson made a motion to approve the minutes of January 27, 2011; Director Ross seconded the motion; carried unanimously without objection.

Jean Roggenkamp, Deputy APCO introduced new Executive Office employees Kris Krow, Clerk of the Boards, and Maricela Calvo, Executive Secretary.

Consideration of Projects with Proposed Grant Awards over \$100,000

Judy Williams, Administrative Analyst, gave the staff presentation, beginning with an overview of the Carl Moyer Program and Mobile Source Incentive Fund Program:

Carl Moyer Program (CMP)

- > Created in 1998 to reduce emissions from heavy-duty engines
- Voluntary program that funds surplus emission reductions

Mobile Source Incentive Fund (MSIF)

- > AB 923 allowed for additional \$2 motor vehicle registration fee surcharge (12/04)
- CMP projects eligible for MSIF funding

Ms. Williams reported that on March 17, 2011, the Board of Directors approved participation in CMP Year 12, and authorized the Executive Officer/APCO to execute contracts and amendments with grant awards up to \$100,000. Today's recommendations over \$100,000 include 10 projects to replace 15 pieces of off-road equipment and 8 marine engines, with \$1,569,074 in total awards and over 15.2 tons per year of criteria pollutant emissions reductions.

Ms. Williams presented a chart of total Year 12 CMP, MSIF and Vehicle Incentive Program (VIP) funds awarded as of March 8, 2011 by county and percentages and as identified in Attachments 1 and 2 of the staff report. Staff recommends that the Committee recommend

Board of Directors approval of the Year 12 Carl Moyer Program projects with proposed grant awards greater than \$100,000 (evaluated between 10/14/10 and 11/1/10); and authorize the Executive Officer/APCO to enter into agreements for the recommended Carl Moyer Program projects.

Committee Comments/Questions:

Director Haggerty requested further outreach to the Livermore agricultural region, citing Napa and Sonoma percentages of 11% and 31% respectively. He suggested meeting with the Farm Bureaus, Dairy Association and Wine Growers Association in the Livermore Valley. Mr. Breen noted that staff has made contact with them and will again.

Director Hudson questioned and confirmed the criteria used in the application process.

Director Ross cited truck replacements identified in Ventura and Merced Counties, and Mr. Breen clarified that the majority of their travel is within the Air District which is verified on an annual basis.

Public Comments: None

Committee Action: Director Hudson made a motion to approve Carl Moyer Program projects with proposed grant awards over \$100,000; and authorize the Executive Officer to enter into agreements for the recommended Carl Moyer Program projects; Director Miley seconded the motion; unanimously approved without objection.

Status of Funding in Air District Grant Program

Mr. Damian Breen gave the staff presentation, stating that during calendar year 2010, the Air District allocated \$92 million to reduce emissions from mobile sources, as follows:

- \$10 million to TFCA County Program Managers
- \$4.4 million in settlement funding from ConocoPhillips
- \$7 million in Port of Oakland and American Resource and Recovery Act (ARRA) funding
- \$71 million from Air District's primary grant programs

He reviewed the 2010 allocations of \$71 million and described the breakdown in funding allocations for each:

- \$37.2 million in I-Bond funding (School Bus Retrofits, Port Trucks, On-road Trucks and Shore-Power projects);
- \$14.6 million in TFCA Regional Fund (Spare the Air, Smoking Vehicle, Shuttles, Electric Vehicles, Bicycle Sharing, Advanced Technology, Alternative Fuels, and Bicycle Program). Mr. Breen noted that bicycle sharing programs will be returning for allocation in June/July timeframe.
- \$10.4 million in MSIF (School Bus Replacement, Bay Area Ports, Vehicle Buyback);
- \$8.8 million in Carl Moyer Program (Agricultural Pumps, Marine, On-road and Off-road).
 \$2 million is pending and allocations for the remainder of funds will be addressed at the next meeting. Mr. Breen pointed out that a large portion of funding went to agricultural equipment in the last funding cycle. While this is positive, there is a requirement to allocate 50% of the money to highly impacted communities under AB 1390.

Mr. Breen reviewed emissions reductions for these programs, stating that they had reduced:

- Particulate Matter (PM) 79 tons per year
- Nitrogen Oxides (NOx) 469 tons per year
- Reactive Organic Gases (ROG) 107 tons per year
- Greenhouse Gases 153,913 tons per year (NOTE: not all programs report GHG reductions)

Mr. Breen then presented the 2010 allocations by county, noting that 50% of the funding has gone to Alameda County primarily because of Port trucks. He pointed out that this funding actually helps the entire region.

Regarding 2011 projections, \$63 million is available to allocate; \$31.2 million is being advertised for shore-power programs and on-road truck emissions reductions, \$10,450,000 is for MSIF, \$13.5 million in TFCA, and \$8.6 million for CMP.

Mr. Breen presented and briefly discussed upcoming opportunities and challenges as follows:

I-Bond

- Shore-power at the Port of Oakland (\$20 million)
- On-road Trucks (\$8 million)
- Availability of Bond funding for next cycle (\$30 million)
- No funding available for School Bus retrofits after 2011

Carl Moyer

- Meeting 50% environmental justice community requirements, emphasis needed on:
 - On-road Trucks
 - Off-road Construction Equipment
 - Marine
- Continued focus on Agricultural Off-road Equipment

Committee Comments/Questions:

Director Haggerty questioned the Ports America's eligibility for shore power funding and the timelines for retrofit projects and asked that staff concentrate funding for the Port of Oakland when staff returns in April with its allocations.

Chairperson Bates confirmed with staff that by 2014, 50% of vessels at the Port of Oakland, Ports America and cruise line ships need to be plugged in and discussed difficulties in staying on schedule which could result in both loss of funding and regulatory action.

Mr. Breen addressed fall bond sales and noted \$13 million could be at risk; money which would greatly address the on-road need in the Bay Area. If this does not come through, the Air District will look at funding from the Port. He also said there will be no retrofit funding for school buses after this year when money is expended; however, there is a bill in the legislature to use MSIF funds for bus retrofits, as 100% of buses must have diesel particulate filters by 2014. He discussed upcoming challenges:

MSIF

- School bus replacement program (\$5 million currently)
- Carl Moyer eligible projects (\$5 million currently)
- Agricultural Pumps

Directors briefly discussed backup generators which are considered stationary sources, for which funds cannot be used. Director Ross suggested looking at legislation to address backup generators in the future.

TFCA Regional Fund

- Spare the Air: CMAQ funding drops from \$1 million to \$300,000 in FYE 2012
- Smoking Vehicle Program
- Shuttles
- Electric Vehicles and Clean Fleets for Cities and Counties

Mr. Breen noted that a \$1 million commitment was made to the Spare the Air program last year from Congestion Mitigation Air Quality (CMAQ) dollars which he said will be drastically reduced this year to \$300,000. Shuttles will continue to be an issue given transit agency budgets. There is a continuing commitment to electric vehicles and clean fleets for cities and counties, and the Air District may consider a special program for them next year after weighing other commitments, given average vehicle miles traveled.

Director Haggerty commented that he believes the amounts traveled by cities and counties might be wrong, and questioned and confirmed that a joint report prepared by the Joint Policy Committee recommends not making expenditures this year, to which he did not agree and asked to move forward.

Chairperson Bates discussed the allocation of \$5 million for charging infrastructure which is moving forward, and discussed Zip cars and various electric and hybrid vehicles.

Directors requested staff move ahead electric vehicles and clean fleets for cities and counties and that staff return with options at the next meeting. Interest was also voiced for the bicycle sharing program at busier BART stations.

Next Steps:

- Allocation of TFCA Alternative Fuel and Advanced Technology Demonstration Funds (recommend multiyear funding)
- Focus on on-road truck outreach for Carl Moyer and I-Bond programs
- · Focus on school bus outreach for I-Bond and MSIF
- Needs assessment for Spare the Air and Smoking Vehicle programs

Mr. Breen concluded, stating next year staff will return with another roadmap for 2012, identify funding, and recommendations on how to prioritize projects.

Director Haggerty confirmed with the Committee its desire to expand the bicycle program; fund the shuttle program to make connections between BART, business parks and ACE trains; ramp up shore power because it will give the region an economic boom; address the agricultural issue because of its dirtiness; fund electric vehicles, and possibly more bus replacements due to potential cuts.

Chairperson Bates added the importance of the grant programs making a difference in reducing emissions, and he voiced concern in addressing the 2014 deadline for truck retrofits and replacements. He also had previously questioned how to incentivize engines and motors to be produced in California.

Director Ross suggested incorporating all programs to achieve a combined Spare the Air outreach program. Director Hudson suggested running the Spare the Air program recordings at events like the Planner's Institute conference and others to further public outreach.

Public Comments: None

Committee Action: Informational item; receive and file.

Committee Member Comments: None.

Next Meeting: Thursday, April 28, 2011 at 9:30 a.m., 939 Ellis Street, 4th Floor Conference

Room, San Francisco, CA 94109

Adjournment: Meeting adjourned at 10:55 a.m.

Lisa Harper

Clerk of the Boards

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